

Message Text

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FM USMISSION GENEVA
TO SECSTATE WASHDC 9720

UNCLAS SECTION 01 OF 05 GENEVA 07561

C O R R E C T E D C O P Y (TEXT--SUBPARA)(C)(V))

E.O. 11652: N/A
TAGS: PLOS
SUBJECT: US FINANCIAL ARRANGEMENTS:

SUGGESTED COMPROMISE ON FINANCIAL ARRANGEMENTS
8 MAY 1978

(A) IN ADOPTING RULES, REGULATIONS AND PROCEDURES
CONCERNING THE FINANCIAL TERMS OF A PLAN OF WORK,
THE AUTHORITY SHALL BE GUIDED BY THE FOLLOWING OBJECTIVES:

- (I) TO ENSURE OPTIMUM REVENUES FOR THE AUTHORITY
FROM THE PROCEEDS OF COMMERCIAL EXPLOITATION;
- (II) TO ATTRACT INVESTMENTS AND TECHNOLOGY INTO
THE EXPLORATION AND EXPLOITATION OF THE AREA;
- (III) TO ENSURE EQUALITY OF FINANCIAL TREATMENT AND
COMPARABLE FINANCIAL OBLIGATIONS AMONG ALL
SEABED MINING OPERATIONS;

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- (IV) TO PROVIDE INCENTIVES ON A UNIFORM BASIS AND
NON-DISCRIMINATORY BASIS FOR OPERATORS TO
UNDERTAKE JOINT ARRANGEMENTS WITH DEVELOPING
COUNTRIES OR THEIR NATIONALS; AND

- (V) TO ENABLE THE ENTERPRISE TO ENGAGE IN

SEABED MINING EFFECTIVELY FROM THE TIME OF
ENTRY INTO FORCE OF THIS CONVENTION.

(B) A FEE SHALL BE LEVIED FOR THE ADMINISTRATION COST
OF PROCESSING AN APPLICATION FOR A PLAN OF WORK AND
SHALL BE FIXED AT AN AMOUNT OF DOLS 500,000 PER APPLICANT.

(C) FINANCIAL CONTRIBUTIONS TO THE AUTHORITY SHALL
BE AS FOLLOWS:

(I) CONTRIBUTIONS SHALL BE MADE UP OF THE COST OF
PROSPECTING THE RESERVED SITE AS SPECIFIED IN
PARAGRAPH 5J(I), A PRODUCTION CHARGE, AND A
SHARE OF NET PROCEEDS OR A SHARE OF GROSS REVENUES
DEEMED TO REPRESENT A SHARE OF NET PROCEEDS.

(II) THE AUTHORITY SHALL NOT ESTABLISH ANY FEES
OR CHARGES OTHER THAN THOSE DETERMINED UNDER
(C)(I) ABOVE AND THE FEE REFERRED TO IN
SUBPARAGRAPH (B) ABOVE.

(III) PAYMENT OF THE PRODUCTION CHARGE AND A SHARE
OF NET PROCEEDS OR A SHARE OF GROSS REVENUES
DEEMED TO REPRESENT A SHARE OF NET PROCEEDS
SHALL BE MADE UPON THE START OF COMMERCIAL
EXPLOITATION AND SHALL BE PAID AT THE END
OF EACH ACCOUNTING PERIOD OR AS MUTUALLY
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AGREED BETWEEN THE OPERATOR AND THE AUTHORITY.
COMMERCIAL EXPLOITATION MEANS ANY ACTIVITY
ENGAGED IN AT SEA TO LIFT ANY HARD MINERAL
RESOURCES AT A SUBSTANTIAL RATE, WITHOUT REGARD
TO PROFIT OR LOSS, FOR THE PRIMARY PURPOSE OF
MARKETING OR COMMERCIALLY USING SUCH RESOURCE.

(IV) ALL COSTS AND REVENUES SHALL BE THE RESULT
OF A FREE MARKET TRANSACTION OR TAKE PLACE
AT ARM'S LENGTH. IF THE AUTHORITY BELIEVES
THAT THE COSTS AND REVENUES ARE NOT THE RESULT
OF FREE MARKET OR ARM'S LENGTH TRANSACTIONS,
THEY SHALL BE COMPUTED BY THE AUTHORITY AS
THOUGH THEY TOOK PLACE AT ARM'S LENGTH OR
WERE THE RESULT OF FREE MARKET TRANSACTIONS.
IN DETERMINING THE VALUE OF ANY ARM'S LENGTH
TRANSACTIONS OR FREE MARKET TRANSACTIONS, THE
AUTHORITY SHALL USE THE VALUE OF A SIMILAR
TRANSACTION TAKING PLACE IN OTHER MARKETS
WHERE FREE MARKET FORCES OR ARM'S LENGTH
TRANSACTIONS HAVE PREVAILED.

(V) IN ORDER TO ENSURE THAT ALL COSTS AND REVENUES
ARE THE RESULT OF FREE MARKET TRANSACTIONS OR
TAKE PLACE AT ARM'S LENGTH AND TO ENSURE
ENFORCEMENT OF AND COMPLIANCE WITH THE PROVISIONS
OF THIS PARAGRAPH, THE AUTHORITY SHALL ADOPT
RULES AND REGULATIONS SPECIFYING UNIFORM AND
GENERALLY ACCEPTABLE ACCOUNTING RULES AND
PROCEDURES TO BE FOLLOWED BY THE OPERATOR AND
AND THE MEANS OF SELECTION BY THE OPERATOR
OF CERTIFIED INDEPENDENT ACCOUNTANTS ACCEPTABLE
TO THE AUTHORITY FOR THE PURPOSE OF AUDITING
COMPLIANCE WITH SAID RULES AND REGULATIONS.
THE OPERATOR SHALL MAKE AVAILABLE TO THE
INDEPENDENT ACCOUNTANTS, IN ACCORDANCE WITH

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RULES AND REGULATIONS, SUCH FINANCIAL DATA
AS ARE REQUIRED TO DETERMINE COMPLIANCE WITH THIS PARAGRAPH.

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(D) PRODUCTION CHARGE AND A SHARE OF THE NET PROCEEDS
OR A SHARE OF GROSS REVENUES DEEMED TO REPRESENT A
SHARE OF NET PROCEEDS:

(I) A PRODUCTION CHARGE IS EITHER OF THE FOLLOWING:

-- 10.00 PERCENT OF THE IMPUTED VALUE OF
THE HARD MINERAL RESOURCES RECOVERED FOR
SALE BY THE OPERATOR FROM THE DEEP SEABED.
FOR THE PURPOSE OF THIS SECTION, SAID IMPUTED

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VALUE OF HARD MINERAL RESOURCES FOR A GIVEN
ACCOUNTING PERIOD SHALL BE 1/5 OF THE PROCEEDS
OF SALES OF THE METALS OR MINERALS FROM THE
HARD MINERAL RESOURCES IN THE MOST BASIC
FORM IN WHICH SUCH METALS OR MINERALS ARE
CUSTOMARILY TRADED OR IN THE FOLLOWING FORMS:

(ALTERNATIVE LANGUAGE:

-- 2.00 PERCENT OF THE PROCEEDS OF SALES
OF THE METALS OR MINERALS FROM THE HARD
MINERAL RESOURCES IN THE MOST BASIC FORM IN
WHICH SUCH METALS OR MINERALS ARE CUSTOMARILY
TRADED OR IN THE FOLLOWING FORMS:)

FERRO-NICKEL, COBALT METAL 99 PERCENT PLUS,
COPPER METAL REFINED, AND MANGANESE ORE, OR
MANGANESE METAL. THE AVERAGE PRICE OF THE
METALS OR MINERALS FROM THE HARD MINERAL
RESOURCES SHALL BE PROVIDED BY AN INTER-
NATIONAL COMMODITY EXCHANGE OR THE AVERAGE
VALUE OF IMPORTED METALS OR MINERALS BY
THE MAJOR IMPORTER OF SUCH METALS OR MINERALS.

-- 10.00 PERCENT OF THE MARKET VALUE OF THE
DRY NODULES AT THE MINE SITE WHEN A FREE MARKET
HAS BEEN ESTABLISHED.

IN ANY ACCOUNTING PERIOD, THE OPERATOR MAY
CHOOSE TO PAY EITHER OF THE FOREGOING CHARGES
IN D(II) WHEN A FREE MARKET FOR NODULES HAS

BEEN ESTABLISHED.

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(II) A SHARE OF NET PROCEEDS FROM COMMERCIAL
EXPLOITATION SHALL BE PAID TO THE AUTHORITY
BY AN OPERATOR ACCORDING TO THE RATE OF
RETURN ON ASSETS OF COMMERCIAL EXPLOITATION
AS SET OUT BELOW.

A. DEFINITION OF COSTS.

1. DEVELOPMENT COSTS OF TOTAL OPERATION: THAT IS,
ALL EXPENDITURES INCURRED PRIOR TO THE COMMENCEMENT OF
COMMERCIAL EXPLOITATION INCLUDING, INTER ALIA,
IMMEDIATE COSTS OF PROSPECTING THE SITE SPECIFIED IN
THE PLAN OF WORK, MACHINERY, EQUIPMENT, SHIPS, THE
PROCESSING PLANT, EXPLORATION AND FEASIBILITY STUDIES
AND OTHER RESEARCH AND DEVELOPMENT, CONSTRUCTION, INTEREST
EXPENSES PAID PRIOR TO THE START OF COMMERCIAL EXPLOITATION,
ENVIRONMENTAL PROTECTION EQUIPMENT, REQUIRED LEASES,
LICENSES, AND SUBSEQUENT TO THE COMMENCEMENT OF COMMERCIAL
PRODUCTION, SIMILAR COSTS REQUIRED FOR THE REPLACEMENT
OF EQUIPMENT AND MACHINERY AND IMPROVEMENT OF PRODUCTIVE
CAPACITY LESS PROCEEDS FROM THE DISPOSAL OF CAPITAL
ASSETS;

2. DEVELOPMENT COSTS OF COMMERCIAL EXPLOITATION:
THAT IS, ONLY THOSE DEVELOPMENT COSTS WHICH ARE DIRECTLY
ATTRIBUTABLE TO THE MINING ACTIVITY SPECIFIED IN THE PLAN
OF WORK, INCLUDING, INTER ALIA, COSTS OF PROSPECTING

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AND EXPLORATION, THE MINING SHIP, FEASIBILITY STUDIES, ENVIRONMENTAL PROTECTION EQUIPMENT USED ON THE MINING VESSEL, LIFTING EQUIPMENT, PIPE, HANDLING EQUIPMENT, NAVIGATION EQUIPMENT, MINING VESSEL POWER PLANT, RESEARCH AND DEVELOPMENT, INTEREST EXPENSES PAID PRIOR TO THE START OF COMMERCIAL EXPLOITATION, SIMILAR COSTS REQUIRED FOR THE REPLACEMENT OF EQUIPMENT AND MACHINERY, AND IMPROVEMENT OF PRODUCTIVE CAPACITY LESS PROCEEDS FROM THE DISPOSAL OF CAPITAL ASSETS.

3. OPERATING COSTS OF TOTAL OPERATION: THAT IS, ALL EXPENDITURES INCURRED AFTER THE START OF THE COMMERCIAL OPERATION INCLUDING, INTER ALIA, THE PRODUCTION CHARGE, EXPENDITURES FOR WAGES, SALARIES, EMPLOYEE BENEFITS, PAYROLL TAXES, TAXES ON ASSETS, SALES TAXES, CUSTOMS DUTIES AND OTHER SIMILAR TAXES ON THE EQUIPMENT, SUPPLIES, MAINTENANCE COSTS, MATERIALS, SERVICES, TRANSPORTATION, SALE OF PRODUCTS, INTEREST, UTILITIES, PURCHASES, OVERHEAD AND ADMINISTRATIVE COSTS SPECIFICALLY RELATED TO OPERATIONS OF THE PLAN OF WORK, AND CAPITAL LOSSES INCURRED DURING THE RELEVANT ACCOUNTING PERIOD.

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4. OPERATING COSTS OF COMMERCIAL EXPLOITATION: THAT IS, ONLY THOSE OPERATING COSTS DIRECTLY ATTRIBUTABLE TO THE MINING ACTIVITY SPECIFIED IN THE PLAN OF WORK INCLUDING, INTER ALIA, THE PRODUCTION CHARGE, WAGES, MAINTENANCE COST, SALARIES, EMPLOYEE BENEFITS AND PAYROLL TAXES OF THE MINING CREW, SALES, CUSTOMS AND OTHER SIMILAR TAXES ON THE MINING EQUIPMENT, MINING EQUIPMENT, ENERGY EXPENSES OF THE MINING VESSELS AND ANY CAPITAL LOSSES INCURRED DURING THE RELEVANT ACCOUNTING PERIOD.

B. DEFINITION OF ASSETS.

1. ASSETS OF THE TOTAL OPERATIONS: THAT IS, THE VALUE OF THE DEVELOPMENT OPERATION PLUS THE CURRENT ASSETS NECESSARY TO CARRY OUT THE OPERATION. THE CURRENT ASSETS ARE THOSE WHICH COULD BE TRANSFORMED IN CASH IN THE SHORT TERM, FOR EXAMPLE, INTER ALIA, ACCOUNTS RECEIVABLE,

CASH AND INVENTORIES.

2. ASSETS OF COMMERCIAL EXPLOITATION: THAT IS, THE VALUE OF ONLY THOSE DEVELOPMENT COSTS AT THE BEGINNING OF COMMERCIAL EXPLOITATION AND CURRENT ASSETS NECESSARY TO CARRY OUT THE MINING ACTIVITY SPECIFIED IN THE PLAN OF WORK.

C. DEFINITION OF GROSS PROCEEDS OF TOTAL OPERATION: PROCEEDS SHALL BE DEFINED AS THE PROCEEDS FROM SALES OF THE PROCESSED METALS AND MINERALS. PROCEEDS ALSO INCLUDE ANY REVENUES FROM THE DISPOSAL OF CAPITAL ASSETS LESS THE BOOK VALUE AT THE TIME OF DISPOSAL.

D. DEFINITION OF PROCEEDS OF COMMERCIAL EXPLOITATION:
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1. IF THE AUTHORITY AND THE OPERATOR AGREE THAT THERE IS A FREE MARKET FOR NODULES, THE PROCEEDS SHALL BE DEFINED AS THE GROSS REVENUES FROM THE SALES OF THE NODULES AT THE MINESITE.

2. IF THERE IS NO FREE MARKET FOR NODULES, GROSS PROCEEDS OF COMMERCIAL EXPLOITATION SHALL BE CALCULATED ACCORDING TO THE FOLLOWING FORMULA:

(DEVELOPMENT COSTS AND OPERATING COSTS DIRECTLY RATIO OF ATTRIBUTABLE TO COMMERCIAL EXPLOITATION); OVER
(DEVELOPMENT AND OPERATING COSTS OF TOTAL OPERATION.)

THEN, THIS RATIO SHALL BE MULTIPLIED BY THE GROSS PROCEEDS OF THE TOTAL OPERATION. THIS RATIO SHALL BE RECALCULATED EVERY ACCOUNTING PERIOD.

E. INVESTMENT RECOVERY SHALL BE DEFINED AS A DEPRECIATION CHARGE ON SUCH PERCENTAGE BASIS PER ANNUM AS SHALL BE DETERMINED THROUGH RULES AND REGULATIONS. THE RULES AND REGULATIONS SHALL PROVIDE FOR COMPLETE RECOVERY OF EXPENSES CLASSIFIED AS "DEVELOPMENT COSTS FOR COMMERCIAL EXPLOITATION" WITHIN 10 FULL ACCOUNTING PERIODS FROM THE TIME THE EXPENSES OCCURED OR WITHIN 10 FULL ACCOUNTING PERIODS AFTER THE START OF COMMERCIAL EXPLOITATION, WHICHEVER IS THE LATEST.

F. NET PROCEEDS OF COMMERCIAL EXPLOITATION SHALL BE DEFINED AS GROSS PROCEEDS OF COMMERCIAL EXPLOITATION, LESS OPERATING COSTS OF COMMERCIAL EXPLOITATION, LESS INVESTMENT RECOVERY OF COMMERCIAL EXPLOITATION. OPERATING COSTS FOR A GIVEN ACCOUNTING PERIOD SHALL BE DEDUCTIBLE

IN THE ACCOUNTING PERIOD IN WHICH THEY OCCUR. ANY
OPERATING LOSSES OF COMMERCIAL EXPLOITATION FROM PREVIOUS
ACCOUNTING PERIODS SHALL ALSO BE CARRIED FORWARD AND
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BACKWARD AS SPECIFIED IN THE RULES AND REGULATIONS OF

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THE AUTHORITY. ANY INTEREST EXPENSES INCURRED AFTER THE
COMMENCEMENT OF COMMERCIAL EXPLOITATION SHALL BE INCLUDED
IN THE CALCULATION OF THE NET PROCEEDS OF THE GIVEN
ACCOUNTING PERIOD. THE INCOME TAX PAYABLE TO STATES SHALL
NOT BE CONSIDERED AS COSTS.

G. IN EACH YEAR, THE SHARE OF NET PROCEEDS FROM COMMERCIAL
EXPLOITATION TO BE RECEIVED BY THE AUTHORITY SHALL BE
DETERMINED ACCORDING TO THE RATE OF RETURN ON THE
OPERATOR'S INITIAL ASSETS FOR COMMERCIAL EXPLOITATION.
THE RATE OF RETURN ON THE OPERATOR'S INITIAL ASSETS
SHALL BE CALCULATED BY DIVIDING THE SUM OF THE NET
PROCEEDS FROM COMMERCIAL EXPLOITATION IN THE LATEST
FIVE YEARS OF ACCOUNTING PERIODS OF COMMERCIAL
EXPLOITATION BY THE NUMBER OF COMPLETED ACCOUNTING
PERIODS FROM WHICH DATA WERE TAKEN AND EXPRESSING THIS
MOVING AVERAGE AS A PERCENTAGE OF INITIAL ASSETS DIRECTLY

ATTRIBUTABLE TO COMMERCIAL EXPLOITATION. THE COSTS AND PROCEEDS FIGURES USED TO CALCULATE THE RATE OF RETURN ON THE OPERATOR'S INITIAL ASSETS SHALL BE EXPRESSED IN CONSTANT TERMS.

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H. THE NET PROCEEDS OF COMMERCIAL EXPLOITATION SHALL BE ALLOCATED, AS SPECIFIED IN PARAGRAPH I, ON AN INCREMENTAL BASIS AMONG THE THREE INCREMENTS, IF APPLICABLE, SPECIFIED BELOW:

- THE INCREMENT OF NET PROCEEDS FROM COMMERCIAL EXPLOITATION WHICH REPRESENTS A RATE OF RETURN ON ASSETS OF COMMERCIAL EXPLOITATION OF 7 PER CENT OR LESS SHALL BE REFERRED TO AS "LOW" AND SHARED WITH THE AUTHORITY AT A RATE OF 30 PER CENT;
- THE INCREMENT OF NET PROCEEDS FROM COMMERCIAL EXPLOITATION WHICH REPRESENTS A RATE OF RETURN ON ASSETS OF COMMERCIAL EXPLOITATION LARGER THAN 7 PER CENT BUT EQUAL OR LESS THAN 20 PER CENT SHALL BE REFERRED TO AS "MEDIUM" AND SHARED WITH THE AUTHORITY AT A RATE OF 60 PERCENT; AND
- THE INCREMENT OF NET PROCEEDS FROM COMMERCIAL EXPLOITATION WHICH REPRESENTS A RATE OF RETURN ON ASSETS OF COMMERCIAL EXPLOITATION GREATER THAN 20 PER CENT SHALL BE REFERRED TO AS "HIGH" AND SHARED WITH THE AUTHORITY AT A RATE OF 75 PER CENT.

I. METHOD OF ALLOCATING THE NET PROCEEDS FROM COMMERCIAL EXPLOITATION OF THE CURRENT ACCOUNTING PERIOD:

-- THE FIRST INCREMENT OF NET PROCEEDS FROM COMMERCIAL EXPLOITATION OF THE CURRENT ACCOUNTING PERIOD SHALL BE CALCULATED IN THE FOLLOWING MANNER: 7 PER CENT DIVIDED BY THE RATE OF RETURN ON ASSETS OF COMMERCIAL EXPLOITATION, IF THIS RATIO IS LARGER THAN 100 PER CENT, THEN THE NET PROCEEDS SHALL BE CONSIDERED AS "LOW." IF THE RATIO

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IS LESS THAN OR EQUAL TO 100 PER CENT, THE RATIO SHALL BE MULTIPLIED BY THE NET PROCEEDS FROM COMMERCIAL EXPLOITATION OF THE CURRENT ACCOUNTING PERIOD; THE RESULT OF THIS MULTIPLICATION SHALL BE REFERRED TO AS "LOW."

THE SECOND INCREMENT, IF APPLICABLE, OF NET PROCEEDS FROM COMMERCIAL EXPLOITATION OF THE CURRENT ACCOUNTING PERIOD SHALL BE CALCULATED IN THE FOLLOWING MANNER: IF THE RATE OF RETURN ON ASSETS OF COMMERCIAL EXPLOITATION IS LESS THAN OR EQUAL TO 20 PER CENT, THEN, THE FIRST INCREMENT SHALL BE DEDUCTED FROM THE NET PROCEEDS OF THE CURRENT ACCOUNTING PERIOD. THE REMAINING VALUE OF NET PROCEEDS FROM COMMERCIAL EXPLOITATION SHALL BE CONSIDERED AS "MEDIUM." IF THE RATE OF RETURN ON ASSETS OF COMMERCIAL EXPLOITATION IS GREATER THAN 20 PER CENT, THEN 13 PER CENT SHALL BE DIVIDED BY THE RATE OF RETURN OF ASSETS OF COMMERCIAL EXPLOITATION OF THIS RATIO SHALL BE MULTIPLIED BY THE NET PROCEEDS OF COMMERCIAL EXPLOITATION OF THE CURRENT ACCOUNTING PERIOD. THE RESULT OF THIS MULTIPLICATION SHALL BE REFERRED TO AS "MEDIUM."

-- THE THIRD INCREMENT, IF APPLICABLE, OF NET PROCEEDS FROM COMMERCIAL EXPLOITATION OF THE CURRENT ACCOUNTING PERIOD SHALL BE CALCULATED BY DEDUCTING THE FIRST AND SECOND INCREMENTS FROM THE NET PROCEEDS FROM COMMERCIAL EXPLOITATION OF THE CURRENT ACCOUNTING PERIOD. THE RESULT SHALL BE REFERRED TO AS "HIGH."

(IV) A. THE OPERATOR MAY ELECT, PRIOR TO APPROVAL OF THE PLAN OF WORK, TO PAY TO THE AUTHORITY A SHARE OF GROSS REVENUES DEEMED TO REPRESENT A SHARE OF NET PROCEEDS FROM COMMERCIAL EXPLOITATION AS STIPULATED UNDER THE METHOD SET OUT IN LITRA (II.) OF THIS SUB-PARAGRAPH. THE SHARE OF GROSS REVENUES SHALL BE MUTUALLY AGREED

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BETWEEN THE AUTHORITY AND THE OPERATOR.

B. FOR THE PURPOSE OF 'A' ABOVE, GROSS REVENUES DERIVED FROM COMMERCIAL EXPLOITATION SHALL BE DEFINED AS 20 PER CENT OF THE MARKET VALUE OF METALS OR MINERALS TO BE PROCESSED FOR SALE CONTAINED IN THE NODULES RECOVERED FROM THE SITE.

C. IN THE EVENT A PLAN OF WORK CALLING FOR THE PAYMENT OF A SHARE OF GROSS REVENUES DEEMED TO REPRESENT A SHARE OF NET PROCEEDS IS CONCLUDED, ALL OTHER OPERATORS THEN OPERATING PURSUANT TO PREVIOUS PLANS OF WORK, WHETHER THEIR FINANCIAL ARRANGEMENTS CALL FOR A SHARE OF NET PROCEEDS OR A SHARE OF GROSS REVENUES, SHALL BE ENTITLED TO ELECT TO MAKE PAYMENTS OF A SHARE OF GROSS REVENUES AT IDENTICAL RATES AS THOSE CALLED FOR IN THE SAID PLAN OF WORK. NOTICE OF SUCH ELECTION MAY BE GIVEN AT ANY TIME TO THE AUTHORITY WITHIN TWO YEARS FROM THE DATE THAT SAID PLAN OF WORK HAS BEEN APPROVED BY THE AUTHORITY AND HAS BEEN ANNOUNCED. PAYMENTS UNDER SUCH AN ELECTION SHALL BE MADE RELATIVE TO THE FIRST FULL ACCOUNTING PERIOD BEGINNING AFTER THE ELECTION.

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D. (I) THE AMOUNTS REFERRED TO IN SUB-PARAGRAPH (B) MAY BE REVISED EVERY FIVE YEARS THROUGH RULES AND REGULATIONS TO ADJUST FOR INFLATION. ONCE A PLAN OF WORK HAS BEEN SUBMITTED OR APPROVED, THE AMOUNTS REFERRED TO IN SUB-PARAGRAPH (B) SHALL NOT BE INCREASED.

(II) THE PAYMENTS TO THE AUTHORITY UNDER (II), (III) AND (IV) OF SUB-PARAGRAPH (D) ABOVE MAY BE MADE EITHER IN A CURRENCY AGREED UPON BETWEEN THE AUTHORITY AND THE OPERATOR, OR IN THE EQUIVALENTS OF PROCESSED METALS AT CURRENT MARKET VALUE. HOWEVER, THE FORM OF PAYMENT MUST BE AGREED PRIOR TO APPROVAL OF THE PLAN OF WORK. THE MARKET VALUE SHALL BE ASCERTAINED IN ACCORDANCE WITH (II) OF SUB-PARAGRAPH (D) ABOVE.

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